

Senate Engrossed

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 330

SENATE BILL 1517

AN ACT

AMENDING SECTIONS 15-1466, 15-1626, 15-1661, 15-1683, 15-1721, 15-1723, 15-1724 AND 15-1725, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 13, ARTICLE 7, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-1726, 15-1727 AND 15-1728; AMENDING SECTION 35-174, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO HIGHER EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-1466, Arizona Revised Statutes, is amended to
3 read:

4 15-1466. State aid; eligibility; limitations

5 A. Subject to legislative appropriation, the legislature shall
6 determine and appropriate the amount of state aid each fiscal year for any
7 district possessing the qualifications as prescribed in this chapter.

8 B. The state shall determine the amount of state aid, as prescribed in
9 subsection F of this section, appropriated to each district for the fiscal
10 year prior to the fiscal year for which the state aid is being calculated.

11 C. The state shall adjust the amount of state aid appropriated to each
12 district as determined in subsection B of this section by the growth rate
13 referenced by section 15-901, subsection B, paragraph 2. This amount shall
14 be appropriated to the district except as provided in subsection D of this
15 section.

16 D. In addition to the state aid appropriated in subsection C of this
17 section, each district qualified under this chapter shall have its state aid
18 adjusted in an amount that reflects the growth in the full-time equivalent
19 student count of the district calculated as follows:

20 1. Calculate the growth in the actual, audited full-time equivalent
21 student count between the second and third most recent fiscal years prior to
22 the fiscal year for which the state aid is being calculated for each
23 district.

24 2. Calculate the average appropriation per full-time equivalent
25 student for all districts by dividing the amount determined in subsection B
26 of this section by the actual, audited full-time equivalent student count for
27 all districts in the most recent fiscal year.

28 3. Multiply the amount calculated in paragraph 1 of this subsection by
29 the average appropriation calculated in paragraph 2 of this subsection. This
30 amount shall be appropriated to the district for growth.

31 E. State aid appropriated to each district shall be allocated and paid
32 in accordance with subsection C of this section before any funding is
33 allocated and paid in accordance with subsection D of this section.

34 F. The total amount appropriated to each district each fiscal year in
35 accordance with subsections C and D of this section shall serve as the amount
36 of state aid to be adjusted in the next fiscal year. A DISTRICT IS NOT
37 ELIGIBLE FOR GROWTH FUNDING PURSUANT TO THIS SECTION UNLESS THE MOST RECENT
38 AUDITED FULL-TIME STUDENT EQUIVALENT COUNT EXCEEDS THE HIGHEST AUDITED
39 FULL-TIME STUDENT EQUIVALENT COUNT RECORDED FROM AND AFTER FISCAL YEAR
40 2003-2004.

41 G. To be eligible for state aid, a district shall:

42 1. Be equipped with suitable buildings, equipment and campus.

43 2. Have AT LEAST three hundred twenty full-time equivalent students
44 attending in the district.

1 3. Have complied with all of the requirements of the district board
2 including budgets and curriculum.

3 H. Notwithstanding subsection E of this section, the legislature may
4 allocate funding for growth in the full-time equivalent student count prior
5 to or in combination with funding of the growth rate.

6 I. The total amount of state monies that may be spent in any fiscal
7 year by a district for operating state aid shall not exceed the amount
8 appropriated or authorized by section 35-173 for that purpose.
9 Notwithstanding section 15-1444, this section shall not be construed to
10 impose a duty on an officer, agent or employee of this state to discharge a
11 responsibility or to create any right in a person or group if the discharge
12 or right would require an expenditure of state monies in excess of the
13 expenditure authorized by legislative appropriation for that specific
14 purpose, including any duties prescribed in an employment contract entered
15 into pursuant to section 15-1444, subsection A, paragraph 6.

16 J. In addition to the formula to determine the state aid
17 appropriations prescribed in this section, the state may pay additional
18 amounts for state aid to a district based on requests included in the
19 district's budget request.

20 K. This section does not entitle a community college operated by a
21 qualified Indian tribe to state aid for community colleges pursuant to this
22 chapter.

23 Sec. 2. Section 15-1626, Arizona Revised Statutes, is amended to read:
24 15-1626. General administrative powers of board

25 A. The board shall:

26 1. Have and exercise the powers necessary for the effective governance
27 and administration of the institutions under its control. To that end, the
28 board may adopt, and authorize each university to adopt, such regulations,
29 policies, rules or measures as are deemed necessary and may delegate in
30 writing to its committees, to its university presidents, or their designees,
31 or to other entities under its control, any part of its authority for the
32 administration and governance of such institutions, including those powers
33 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs
34 3, 4, 7, 8, 10 and 11 of this subsection, and subsection B of this section.
35 Any delegation of authority may be rescinded by the board at any time in
36 whole or in part.

37 2. Appoint and employ and determine the compensation of presidents
38 with such power and authority and for such purposes in connection with the
39 operation of the institutions as the board deems necessary.

40 3. Appoint and employ and determine the compensation of
41 vice-presidents, deans, professors, instructors, lecturers, fellows and such
42 other officers and employees with such power and authority and for such
43 purposes in connection with the operation of the institutions as the board
44 deems necessary, or delegate its authority pursuant to paragraph 1 of this
45 subsection.

1 4. Remove any officer or employee when the interests of education in
2 this state so require in accordance with its personnel rules and policies.

3 5. Fix tuitions and fees to be charged and ~~graduate~~ DIFFERENTIATE the
4 tuitions and fees between institutions and between residents, nonresidents,
5 ~~and~~ UNDERGRADUATE STUDENTS, GRADUATE STUDENTS, students from foreign
6 countries AND STUDENTS WHO HAVE EARNED CREDIT HOURS IN EXCESS OF THE CREDIT
7 HOUR THRESHOLD, EXCEPT STUDENTS WHOSE CHOSEN PROGRAM REQUIRES FOR A DEGREE
8 ADDITIONAL CREDIT HOURS ABOVE THE CREDIT HOUR THRESHOLD. FOR THE PURPOSES OF
9 THIS PARAGRAPH, THE CREDIT HOUR THRESHOLD IS ONE HUNDRED FIFTY-FIVE HOURS IN
10 FISCAL YEAR 2006-2007, ONE HUNDRED FIFTY HOURS IN FISCAL YEAR 2007-2008 AND
11 ONE HUNDRED FORTY-FIVE HOURS AFTER FISCAL YEAR 2007-2008. The amount of
12 tuition, registration fees and other revenues included in the operating
13 budget for the university adopted by the board as prescribed in paragraph 12
14 of this subsection shall be deposited, pursuant to sections 35-146 and
15 35-147. All other tuition and fee revenue shall be retained by each
16 university for expenditure as approved by the board. Except as provided in
17 subsection H of this section, the Arizona board of regents shall adopt rules
18 to govern its tuition and fee setting process ~~which shall provide~~ THAT
19 PROVIDE for the following:

20 (a) At least one public hearing at each university as an opportunity
21 for students and members of the public to comment upon any proposed increase
22 in tuition or fees.

23 (b) Publication of the notice of public hearing at least ten days
24 prior to the hearing in a newspaper of general circulation in Maricopa
25 county, Coconino county and Pima county. The notice shall include the date,
26 time and location of the public hearing.

27 (c) Public disclosure by each university of any proposed increases in
28 tuition or fees at least ten days prior to the public hearing.

29 (d) Final board action on changes in tuition or fees shall be taken by
30 roll call vote.

31 The procedural requirements of subdivisions (a), (b), (c) and (d) apply only
32 to those changes in tuition or fees that require board approval.

33 6. Pursuant to section 35-115, submit a budget request for each
34 institution under its jurisdiction that includes the estimated tuition and
35 fee revenue available to support the programs of the institution as described
36 in the budget request. The estimated available tuition and fee revenue shall
37 be based on the tuition and registration fee rates in effect at the time the
38 budget request is submitted with adjustments for projected changes in
39 enrollment as provided by the board.

40 7. Establish curriculums and designate courses at the several
41 institutions which in its judgment will best serve the interests of this
42 state.

43 8. Award such degrees and diplomas upon the completion of such courses
44 and curriculum requirements as it deems appropriate.

1 9. Prescribe qualifications for admission of all students to the
2 universities. The board shall establish policies for guaranteed admission
3 that assure fair and equitable access to students in this state from public,
4 private, charter and home schools. For the purpose of determining the
5 qualifications of honorably discharged veterans, veterans are those PERSONS
6 who served in the armed forces for a minimum of two years and who were
7 previously enrolled at a university or community college in this state. No
8 prior failing grades received by the veteran at the university or community
9 college in this state may be considered.

10 10. Adopt any energy conservation standards promulgated by the
11 department of administration for the construction of new buildings.

12 11. Employ for such time and purposes as the board requires attorneys
13 whose compensation shall be fixed and paid by the board. Litigation to which
14 the board is a party and for which self-insurance is not provided may be
15 compromised or settled at the direction of the board.

16 12. Adopt annually an operating budget for each university equal to the
17 sum of appropriated general fund monies and the amount of tuition,
18 registration fees and other revenues approved by the board and allocated to
19 each university operating budget.

20 13. In consultation with the state board of education and other
21 education groups, develop and implement a program to award honors
22 endorsements to be affixed to the high school diplomas of qualifying high
23 school pupils and to be included in the transcripts of pupils who are awarded
24 endorsements. The board shall develop application procedures and testing
25 criteria and adopt testing instruments and procedures to administer the
26 program. In order to receive an honors endorsement, a pupil must demonstrate
27 an extraordinary level of knowledge, skill and competency as measured by the
28 testing instruments adopted by the board in mathematics, English, science and
29 social studies. Additional subjects may be added at the determination of the
30 board. The program is voluntary for pupils.

31 14. Require the publisher of each literary and nonliterary textbook
32 used in the universities of this state to furnish computer software in a
33 standardized format when software becomes available for nonliterary
34 textbooks, to the Arizona board of regents from which braille versions of the
35 textbooks may be produced.

36 15. Require universities that provide a degree in education to require
37 courses that are necessary to obtain a provisional structured English
38 immersion endorsement as prescribed by the state board of education.

39 B. The board shall adopt personnel rules. All nonacademic employees
40 of the universities are subject to these rules except for university
41 presidents, university vice-presidents, university deans, legal counsel and
42 administrative officers. The personnel rules shall be similar to the
43 personnel rules under section 41-783. The rules shall include provisions for
44 listing available positions with the department of economic security,
45 competitive employment processes for applicants, probationary status for new

1 nonacademic employees, nonprobationary status on successful completion of
2 probation and due process protections of nonprobationary employees after
3 discharge. The board shall provide notice of proposed rule adoption and an
4 opportunity for public comment on all personnel rules proposed for adoption.

5 C. The Arizona board of regents may employ legal assistance in
6 procuring loans for the institutions from the United States government. Fees
7 or compensation paid for such legal assistance shall not be a claim upon the
8 general fund of this state but shall be paid from funds of the institutions.

9 D. The board shall approve or disapprove any contract or agreement
10 entered into by the university of Arizona hospital with the Arizona health
11 facilities authority.

12 E. The board may adopt policies which authorize the institutions under
13 its jurisdiction to enter into employment contracts with nontenured employees
14 for periods of more than one year but not more than five years. The policies
15 shall prescribe limitations on the authority of the institutions to enter
16 into employment contracts for periods of more than one year but not more than
17 five years, including the requirement that the board approve the contracts.

18 F. The board may adopt a plan or plans for employee benefits which
19 allow for participation in a cafeteria plan that meets the requirements of
20 the United States internal revenue code of 1986.

21 G. The board may establish a program for the exchange of students
22 between the universities under the jurisdiction of the board and colleges and
23 universities located in the state of Sonora, Mexico. Notwithstanding
24 subsection A, paragraph 5 of this section, the program may provide for
25 in-state tuition at the universities under the jurisdiction of the board for
26 fifty Sonoran students in exchange for similar tuition provisions for up to
27 fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or
28 universities. The board may direct the universities to work in conjunction
29 with the Arizona-Mexico commission to coordinate recruitment and admissions
30 activities.

31 H. Subsection A, paragraph 5, subdivisions (a), (b), (c) and (d) of
32 this section do not apply to fee increases that are set by individual
33 universities and that do not require approval by the Arizona board of regents
34 before the fee increase becomes effective.

35 Sec. 3. Section 15-1661, Arizona Revised Statutes, is amended to read:

36 15-1661. Annual appropriation; expenditure; balance; salaries

37 A. There shall be appropriated in the general appropriation bill for
38 each fiscal year a sum of monies not less than eighty-five one-hundredths of
39 one mill on the dollar of the assessed valuation of all taxable property in
40 the state for the improvement, support and maintenance of the institutions
41 under the Arizona board of regents' jurisdiction, including payment of
42 salaries, current expenses, purchase of equipment, making necessary repairs,
43 construction of new buildings, purchase of lands and in general for payment
44 of all such expenses connected with the management of the institutions under
45 the Arizona board of regents' jurisdiction. The department of revenue shall,

1 upon compiling the aggregate assessed valuation of all taxable property
2 within this state, SHALL compute the amount of monies so determined and
3 certify such amount over its seal to the department of administration and the
4 state treasurer.

5 B. THE FULL-TIME EQUIVALENT STUDENT ENROLLMENT REPORTED FOR THE
6 PREVIOUS FISCAL YEAR BY EACH UNIVERSITY SHALL BE AUDITED ANNUALLY BY THE
7 AUDITOR GENERAL. THE AUDITOR GENERAL SHALL REPORT THE RESULTS OF THE AUDIT
8 TO THE STAFFS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S
9 OFFICE OF STRATEGIC PLANNING AND BUDGETING ON OR BEFORE OCTOBER 15 OF EACH
10 YEAR. BEGINNING IN 2006, ON OR BEFORE JULY 21 OF EACH YEAR, EACH UNIVERSITY
11 SHALL PROVIDE A CERTIFIED REPORT TO THE AUDITOR GENERAL OF THE NUMBER OF
12 FULL-TIME EQUIVALENT STUDENTS CALCULATED BY THE UNIVERSITY. THE UNIVERSITY'S
13 RECORDS USED TO CALCULATE FULL-TIME EQUIVALENT STUDENT ENROLLMENT SHALL BE
14 PROVIDED TO THE AUDITOR GENERAL IN AN ELECTRONIC FORMAT PRESCRIBED BY THE
15 AUDITOR GENERAL. BEGINNING IN 2006, EACH UNIVERSITY SHALL SUBMIT TO THE
16 AUDITOR GENERAL A SUMMARY OF ITS FULL-TIME EQUIVALENT STUDENT ENROLLMENT
17 ACCOUNTING POLICIES AND PROCEDURES, COMPILATION PROCEDURES AND SOURCE RECORDS
18 USED FOR CALCULATING FULL-TIME EQUIVALENT STUDENT ENROLLMENT. THESE
19 ACCOUNTING POLICIES AND PROCEDURES, COMPILATION PROCEDURES AND SOURCE RECORDS
20 SHALL COMPLY WITH POLICIES DEVELOPED ON OR BEFORE JUNE 30, 2006 BY THE
21 ARIZONA BOARD OF REGENTS, IN CONSULTATION WITH THE AUDITOR GENERAL AND
22 REVIEWED BY THE JOINT LEGISLATIVE BUDGET COMMITTEE. THESE POLICIES SHALL
23 INCLUDE MINIMUM REQUIREMENTS FOR STUDENTS ENROLLED IN CLASSES TO QUALIFY FOR
24 APPROPRIATIONS PURSUANT TO THIS SECTION, INCLUDING REQUIREMENTS THAT THE
25 CLASS BE A FOR-CREDIT COURSE THAT IS NECESSARY FOR THE COMPLETION OF A DEGREE
26 AND THAT THE STUDENT ENROLLED IN THE COURSE BE PHYSICALLY PRESENT IN THIS
27 STATE AT THE TIME THE COURSE IS CONDUCTED. THE BASIC ACTUAL FULL-TIME
28 EQUIVALENT STUDENT ENROLLMENT SHALL BE COUNTED ON THE TWENTY-FIRST DAY AFTER
29 THE BASIC ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT CLASSES BEGIN FOR
30 THE FALL SEMESTER, AS PUBLISHED IN THE UNIVERSITY CATALOGS. CLASS ROSTERS
31 THAT REFLECT ENROLLMENT AS OF THE TWENTY-FIRST DAY SHALL BE PROVIDED BY THE
32 REGISTRAR'S OFFICE TO EACH PROFESSOR OR INSTRUCTOR FOR EVERY CLASS SECTION.
33 THE CLASS ROSTER SHALL INDICATE THE COURSE NUMBER, COURSE TITLE, TIME,
34 INSTRUCTOR NAME AND STUDENTS ENROLLED. EACH PROFESSOR OR INSTRUCTOR IS
35 REQUIRED TO REVIEW THE CLASS ROSTER AND MAKE ADDITIONS OR DELETIONS AS
36 NECESSARY. ON THE TWENTY-FIRST DAY CLASS ROSTERS, EACH PROFESSOR OR
37 INSTRUCTOR SHALL INDICATE AS WITHDRAWN EACH STUDENT WHO HAS FORMALLY
38 WITHDRAWN FROM THE COURSE, AND THAT STUDENT SHALL NOT BE COUNTED FOR STATE
39 AID PURPOSES. THE OFFICIAL TWENTY-FIRST DAY ROSTERS SHALL INCLUDE A MANUAL
40 SIGNATURE AND DATE OR AN ELECTRONIC AUTHORIZATION AND DATE BY THE PROFESSOR
41 OR INSTRUCTOR AND SHALL INCLUDE THE FOLLOWING CERTIFICATION:

42 I HEREBY CERTIFY THAT THE INFORMATION CONTAINED IN THIS
43 CLASS ROSTER ACCURATELY REFLECTS THOSE STUDENTS WHO ARE
44 ENROLLED.

1 C. STUDENTS WHO HAVE WITHDRAWN OR WHO HAVE BEEN WITHDRAWN FROM CLASSES
2 AS OF THE TWENTY-FIRST DAY SHALL NOT BE COUNTED FOR STATE AID PURPOSES. A
3 RECORD SHALL BE MAINTAINED THAT IDENTIFIES STUDENT WITHDRAWALS BY DATE OF
4 WITHDRAWAL, AS OF THE TWENTY-FIRST DAY AND AFTER THE TWENTY-FIRST DAY FOR THE
5 ENTIRE SEMESTER.

6 D. Amounts appropriated as provided by subsection A shall be paid as
7 other claims against this state are paid.

8 ~~G.~~ E. The balance of appropriations as provided by subsection A at
9 the end of the fiscal year, if any, shall not revert to the general fund but
10 shall be carried forward for the continued use for which appropriated.

11 ~~D.~~ F. Monies appropriated to a university under the jurisdiction of
12 the Arizona board of regents for cost of living salary increases for
13 university employees shall be used to provide cost of living salary increases
14 to all university employees including graduate student assistants. If monies
15 are appropriated to a university for salary increases based on merit, the
16 monies shall be used to provide merit increases according to the merit pay
17 plan adopted by the Arizona board of regents.

18 G. THE ARIZONA BOARD OF REGENTS SHALL DETERMINE CURRENT ACTUAL
19 FULL-TIME EQUIVALENT STUDENT ENROLLMENT AT EACH OF THE INSTITUTIONS UNDER THE
20 JURISDICTION OF THE ARIZONA BOARD OF REGENTS. FULL-TIME EQUIVALENT STUDENT
21 ENROLLMENT SHALL BE CALCULATED BY ADDING THE FOLLOWING:

22 1. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN
23 100-LEVEL CREDIT COURSES AND 200-LEVEL CREDIT COURSES DIVIDED BY FIFTEEN.

24 2. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN
25 300-LEVEL CREDIT COURSES AND 400-LEVEL CREDIT COURSES DIVIDED BY TWELVE.

26 3. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN GRADUATE
27 LEVEL CREDIT COURSES DIVIDED BY TEN.

28 H. THE LEGISLATURE SHALL NOT APPROPRIATE MONIES SUPPORTING ANY STUDENT
29 WHO IS ENROLLED AT AN INSTITUTION UNDER THE JURISDICTION OF THE ARIZONA BOARD
30 OF REGENTS WHO HAS EARNED CREDIT HOURS IN EXCESS OF THE CREDIT HOUR
31 THRESHOLD, EXCEPT STUDENTS WHOSE CHOSEN PROGRAM REQUIRES FOR A DEGREE
32 ADDITIONAL CREDIT HOURS ABOVE THE CREDIT HOUR THRESHOLD. FOR THE PURPOSES OF
33 THIS SUBSECTION, THE CREDIT HOUR THRESHOLD IS ONE HUNDRED FIFTY-FIVE HOURS IN
34 FISCAL YEAR 2006-2007, ONE HUNDRED FIFTY HOURS IN FISCAL YEAR 2007-2008 AND
35 ONE HUNDRED FORTY-FIVE HOURS AFTER FISCAL YEAR 2007-2008.

36 Sec. 4. Section 15-1683, Arizona Revised Statutes, is amended to read:
37 15-1683. Issuance of bonds

38 A. The board shall have power, and is hereby authorized from time to
39 time, to issue bonds:

40 1. To acquire any one project, or more than one, or any combination
41 thereof, for such institution, ~~provided that~~ IF both of the following
42 conditions are met:

43 (a) As of the date of issuance of bonds or certificates of
44 participation for any institution, projected debt service on bonds and
45 certificates of participation then outstanding and proposed to be issued for

1 such institution, as shown in the most recent capital improvement plan
2 reported to the board, may not exceed, in any fiscal year shown in such
3 capital improvement plan, more than eight per cent of such institution's
4 total projected expenditures and mandatory transfers. The calculation of
5 compliance with this condition shall be as set forth in and approved by the
6 board in its adopted capital improvement plan for such institution.

7 (b) The project to be acquired with the proceeds of the bonds is
8 reviewed by the joint committee on capital review.

9 2. To refund bonds heretofore and hereafter issued to acquire any
10 project or projects for such institution as hereinafter provided for.

11 3. To refund any such refunding bonds.

12 4. For any one, or more than one, or all of such purposes, or any
13 combination thereof.

14 B. All bonds shall be authorized by resolution of the board and may be
15 issued in one or more series, may bear such date or dates, may be in such
16 denomination or denominations, may mature at such time or times not exceeding
17 THE EARLIER OF forty years from the respective dates thereof OR THE USEFUL
18 LIFE OF THE CAPITAL IMPROVEMENTS, may mature in such amount or amounts, may
19 bear interest at such rate or rates as shall be determined by the board,
20 payable at such time or times, may be in such form, either coupon or
21 registered as to principal only or as to both principal and interest, may
22 carry such registration privileges, including the conversion of a fully
23 registered bond to a coupon bond or bonds and the conversion of a coupon bond
24 to a fully registered bond, may be executed in such manner, may be made
25 payable in such medium of payment, at such place or places within or without
26 the state, and may be subject to such terms of redemption prior to their
27 expressed maturity, with or without premium, as such resolution or other
28 resolutions may provide. All bonds issued under this article shall be sold
29 as the board shall determine. Such resolution may provide that one of the
30 officers of the board shall sign such bonds manually and that the other
31 signatures may be printed, lithographed, engraved or otherwise reproduced
32 thereon. The coupon bonds shall be fully negotiable within the meaning of
33 the uniform commercial code, title 47.

34 Sec. 5. Section 15-1721, Arizona Revised Statutes, is amended to read:
35 15-1721. Definitions

36 In this article, unless the context otherwise requires:

37 1. "Board" means the board of medical student loans.

38 2. "GDP PRICE DEFLATOR" MEANS THE AVERAGE OF THE FOUR IMPLICIT PRICE
39 DEFLATORS FOR THE GROSS DOMESTIC PRODUCT REPORTED BY THE UNITED STATES
40 DEPARTMENT OF COMMERCE FOR THE FOUR QUARTERS OF THE CALENDAR YEAR.

41 ~~2.~~ 3. "Medically underserved area" means an area of this state
42 designated by the department of health services pursuant to title 36, chapter
43 24, article 1 or by federal law.

44 ~~3.~~ 4. "Medically underserved population" means an area designated by
45 the United States department of health and human services.

4- 5. "Rural" means either of the following:

(a) A county with a population of less than four hundred thousand persons.

(b) A census county division with less than fifty thousand persons in a county with a population of at least four hundred thousand persons.

Sec. 6. Section 15-1723, Arizona Revised Statutes, is amended to read:
15-1723. Medical student loans; amount; qualifications; requirements

A. The board may grant loans from the medical student loan fund established by section 15-1725 to defray the expenses of the medical education of those students at a public or private school of medicine in this state who intend to enter and complete a residency program approved by the accreditation council for graduate medical education or by the American osteopathic association to become board certified in family practice, general pediatrics, obstetrics and gynecology, general internal medicine, or combined medicine and pediatrics and who are deemed qualified by the board to receive such loans. Loans shall be granted upon such terms and conditions as may be imposed by the board. One of the qualifications shall be Arizona residency, which shall be determined according to the same criteria prescribed for in-state student status in section 15-1802. The board may grant forty loans each year.

B. The loans granted by the board shall provide for EACH STUDENT tuition plus A LIVING ALLOWANCE. ~~no more than ten thousand dollars for each student in 1992-1993. Beginning in 1993-1994 and continuing each year thereafter until June 30, 2002, each loan shall provide for tuition plus no more than ten thousand dollars per year adjusted by the percentage change in the GDP price deflator from the second preceding calendar year to the calendar year immediately preceding the current year. The amount provided for tuition shall not exceed the cost of registration for a full-time student at a college of medicine at a university under the jurisdiction of the Arizona board of regents. For 2002-2003, each loan shall provide for tuition plus no more than sixteen thousand dollars for each student. Beginning in 2003-2004 and continuing each year thereafter, each loan shall provide for tuition plus~~ THE LIVING ALLOWANCE SHALL BE no more than sixteen thousand dollars for each student per year adjusted by the percentage change in the GDP price deflator from the second preceding calendar year to the calendar year immediately preceding the current year. ~~For purposes of this subsection, "GDP price deflator" means the average of the four implicit price deflators for the gross domestic product reported by the United States department of commerce for the four quarters of the calendar year.~~

C. The board shall make a full and careful investigation of the ability, character and qualification of each applicant through a written application and interview process and determine the applicant's fitness to become a loan recipient. The investigation of each applicant shall include an examination of the ability of the applicant to pay the expenses of a

1 medical education. The board shall give preference to qualified applicants
2 who are unable to pay the expenses of obtaining a medical education and to
3 qualified applicants who demonstrate a commitment to serve in an area listed
4 in subsection E of this section.

5 D. The services to be performed are service to the state by practicing
6 general practice, family practice, general pediatrics, combined medicine and
7 pediatrics, obstetrics and gynecology, or general internal medicine in an
8 area listed in subsection E of this section. The service location is subject
9 to approval by the board.

10 E. The board may approve service in any of the following locations:

- 11 1. A rural and medically underserved area of this state.
- 12 2. A medically underserved area of this state.
- 13 3. A medically underserved population of this state.
- 14 4. Any Indian reservation that is located in this state.

15 F. The board may specify an area listed in subsection E of this
16 section in the student's contract to permit the student to seek employment in
17 that area as a physician. After the area is specified by the board, that
18 area shall be designated in the student's subsequent contracts as an approved
19 area and as an approved service location.

20 G. The board shall collect and maintain data on the retention of
21 doctors who practice in an area listed in subsection E of this section. The
22 board shall collect this data for at least ten years after each loan
23 recipient completes the recipient's service commitment.

24 H. Private schools of medicine shall reimburse the university of
25 Arizona for any administrative costs related to the processing of loans for
26 students at private schools of medicine pursuant to subsection A of this
27 section.

28 Sec. 7. Section 15-1724, Arizona Revised Statutes, is amended to read:

29 15-1724. Medical student loans; interest; obligations; penalty;
30 authority of attorney general

31 A. Each applicant who is approved for a loan by the board may be
32 granted a loan for a period of up to five years.

33 B. The loans shall bear interest at the rate of seven per cent per
34 year.

35 C. Each loan shall be evidenced by a contract between the student and
36 the board, acting on behalf of this state. The contract shall provide for
37 the payment by the state of a stated sum or sums defraying the costs of a
38 medical education at a public or private school of medicine in this state and
39 shall be conditioned upon the contractual agreement by the recipient of such
40 loan to complete the service required by section 15-1723. The contract shall
41 provide that the recipient serving as a physician in an area listed in
42 section 15-1723, subsection E may receive compensation from the board for
43 such service and other services designated in the contract which compensation
44 shall be credited against amounts due under the loan and shall not exceed the
45 amount of the loan and any interest accrued on the loan. Such service shall

1 be full time as determined by the board and shall be for two years or one
2 year of service for each year of loan support, whichever is longer. A loan
3 and the interest accrued thereon may be fully paid with compensation received
4 for services as required by the contract or at the option of the recipient by
5 payment of all monies, interest and penalties for failure to fulfill the
6 contract.

7 D. A loan recipient shall begin the service for which the recipient
8 contracted as a condition of the loan within three years of completion of the
9 recipient's undergraduate medical education unless extended to four years by
10 the board. A recipient who is ordered into military service or for other
11 cause beyond the recipient's control deemed sufficient by the board is unable
12 to commence the required service within three years of such graduation shall
13 begin service within one year after completing military service or the
14 termination of such other cause.

15 E. If a recipient decides not to fulfill the conditions of the
16 contract by serving in an area listed in section 15-1723, subsection E, the
17 contract shall provide that the recipient shall be required to repay the full
18 amount borrowed, including tuition, at the seven per cent interest rate plus
19 a penalty for liquidated damages in an amount equivalent to the full amount
20 borrowed, including tuition, less the amount credited for time actually
21 served in a site approved by the board, to be calculated on a prorated
22 monthly basis. The board for good reason may provide for extensions of the
23 period of repayment specified in the loan recipient's contract. The board
24 may waive the payment of principal, interest and liquidated damages if it
25 determines that death or permanent physical disability accounts for the
26 recipient's failure to fulfill the contract. ~~For recipients entering into a~~
27 ~~contract prior to January 1, 1992, the board may, for the purpose of~~
28 ~~retaining the recipient's service in a federally designated medically~~
29 ~~underserved area of this state, release the recipient from obligations to the~~
30 ~~program if the recipient enters into a legally binding service contract with~~
31 ~~the United States public health service. The contracted term of service for~~
32 ~~the United States public health service must be for the same or longer term~~
33 ~~than the recipient's service commitment to this state under the medical~~
34 ~~student loan program.~~

35 F. If a recipient withdraws or is dismissed from medical school, the
36 recipient shall be required to repay the loan to the board with interest with
37 no penalty within one year of withdrawal. The board may for good reason
38 provide for extensions on the period of repayment.

39 G. On receipt of supporting documentation, the board for good cause
40 shown may defer the loan recipient's service or payment obligation or may
41 enter into repayment arrangements with the loan recipient or allow service
42 that is equivalent to full-time service if the board determines that this
43 action is justified after a review of the individual's circumstances.

1 H. The attorney general may commence whatever actions are necessary to
2 enforce the contract and achieve repayment of loans provided by the board
3 pursuant to this article.

4 Sec. 8. Section 15-1725, Arizona Revised Statutes, is amended to read:

5 15-1725. Medical student loan fund

6 A. The medical student loan fund is established. All monies
7 appropriated to carry out the provisions of ~~this article~~ SECTIONS 15-1723 AND
8 15-1724 shall be deposited in the fund, and all payments of principal and
9 interest received by the board shall be deposited, pursuant to sections
10 35-146 and 35-147, in the fund. Monies in the fund are subject to
11 legislative appropriation.

12 B. Monies in the medical student loan fund are exempt from the
13 provisions of section 35-190 relating to lapsing of appropriations.

14 Sec. 9. Title 15, chapter 13, article 7, Arizona Revised Statutes, is
15 amended by adding sections 15-1726, 15-1727 and 15-1728, to read:

16 15-1726. Medical student scholarships; amount; qualifications;
17 requirements

18 A. THE BOARD MAY GRANT SCHOLARSHIPS TO FIRST YEAR MEDICAL STUDENTS WHO
19 INTEND TO ENTER AND COMPLETE A RESIDENCY PROGRAM APPROVED BY THE
20 ACCREDITATION COUNCIL FOR GRADUATE MEDICAL EDUCATION OR BY THE AMERICAN
21 OSTEOPATHIC ASSOCIATION TO BECOME BOARD CERTIFIED IN FAMILY PRACTICE, GENERAL
22 PEDIATRICS, OBSTETRICS AND GYNECOLOGY, GENERAL INTERNAL MEDICINE, OR COMBINED
23 MEDICINE AND PEDIATRICS AND WHO ARE DEEMED QUALIFIED BY THE BOARD TO RECEIVE
24 SUCH SCHOLARSHIPS, FROM THE MEDICAL STUDENT SCHOLARSHIP FUND ESTABLISHED BY
25 SECTION 15-1728 TO DEFRAY THE EXPENSES OF MEDICAL EDUCATION AT A PUBLIC OR
26 PRIVATE SCHOOL OF MEDICINE IN THIS STATE. SCHOLARSHIPS SHALL BE GRANTED UPON
27 SUCH TERMS AND CONDITIONS AS MAY BE IMPOSED BY THE BOARD. ONE OF THE
28 QUALIFICATIONS SHALL BE ARIZONA RESIDENCY, WHICH SHALL BE DETERMINED
29 ACCORDING TO THE SAME CRITERIA PRESCRIBED FOR IN-STATE STUDENT STATUS IN
30 SECTION 15-1802. PREFERENCE SHALL BE GIVEN TO APPLICANTS WHO COMMIT TO AN
31 ARIZONA RESIDENCY PROGRAM.

32 B. THE SCHOLARSHIPS GRANTED BY THE BOARD SHALL PROVIDE FOR EACH
33 STUDENT TUITION PLUS A LIVING ALLOWANCE. THE LIVING ALLOWANCE SHALL BE NO
34 MORE THAN SIXTEEN THOUSAND DOLLARS FOR EACH STUDENT PER YEAR ADJUSTED BY THE
35 PERCENTAGE CHANGE IN THE GDP PRICE DEFLATOR FROM THE SECOND PRECEDING
36 CALENDAR YEAR TO THE CALENDAR YEAR IMMEDIATELY PRECEDING THE CURRENT YEAR.

37 C. THE BOARD SHALL MAKE A FULL AND CAREFUL INVESTIGATION OF THE
38 ABILITY, CHARACTER AND QUALIFICATION OF EACH APPLICANT THROUGH A WRITTEN
39 APPLICATION AND INTERVIEW PROCESS AND DETERMINE THE APPLICANT'S FITNESS TO
40 BECOME A SCHOLARSHIP RECIPIENT. THE INVESTIGATION OF EACH APPLICANT SHALL
41 INCLUDE AN EXAMINATION OF THE PRIOR ACADEMIC AND EXTRACURRICULAR PERFORMANCE
42 OF THE APPLICANT. THE BOARD SHALL GIVE PREFERENCE TO QUALIFIED APPLICANTS
43 WHO DEMONSTRATE SUPERIOR ACADEMIC AND EXTRACURRICULAR MERIT AND TO QUALIFIED
44 APPLICANTS WHO DEMONSTRATE A COMMITMENT TO SERVE IN AN UNDERSERVED AREA.

1 D. PRIVATE SCHOOLS OF MEDICINE SHALL REIMBURSE THE UNIVERSITY OF
2 ARIZONA FOR ANY ADMINISTRATIVE COSTS RELATED TO THE PROCESSING OF
3 SCHOLARSHIPS FOR STUDENTS AT PRIVATE SCHOOLS OF MEDICINE PURSUANT TO
4 SUBSECTION A OF THIS SECTION.

5 15-1727. Medical student scholarships; obligations; penalty;
6 authority of attorney general

7 A. EACH APPLICANT WHO IS APPROVED FOR A SCHOLARSHIP BY THE BOARD MAY
8 BE GRANTED A SCHOLARSHIP FOR A PERIOD OF UP TO FIVE YEARS.

9 B. EACH SCHOLARSHIP SHALL BE EVIDENCED BY A CONTRACT BETWEEN THE
10 STUDENT AND THE BOARD, ACTING ON BEHALF OF THIS STATE. THE CONTRACT SHALL
11 PROVIDE FOR THE PAYMENT BY THE STATE OF A STATED SUM OR SUMS DEFRAYING THE
12 COSTS OF A MEDICAL EDUCATION AT A PUBLIC OR PRIVATE SCHOOL OF MEDICINE IN
13 THIS STATE AND SHALL BE CONDITIONED UPON THE CONTRACTUAL AGREEMENT BY THE
14 RECIPIENT OF SUCH SCHOLARSHIP TO COMPLETE THE SERVICE REQUIRED. SUCH SERVICE
15 SHALL BE FULL TIME AS DETERMINED BY THE BOARD AND SHALL BE FOR TWO YEARS OR
16 ONE YEAR OF SERVICE FOR EACH YEAR OF SCHOLARSHIP SUPPORT, WHICHEVER IS
17 LONGER.

18 C. A SCHOLARSHIP RECIPIENT SHALL BEGIN THE SERVICE FOR WHICH THE
19 RECIPIENT CONTRACTED AS A CONDITION OF THE SCHOLARSHIP WITHIN THREE YEARS OF
20 COMPLETION OF THE RECIPIENT'S UNDERGRADUATE MEDICAL EDUCATION UNLESS EXTENDED
21 TO FOUR YEARS BY THE BOARD. A RECIPIENT WHO IS ORDERED INTO MILITARY SERVICE
22 OR FOR OTHER CAUSE BEYOND THE RECIPIENT'S CONTROL DEEMED SUFFICIENT BY THE
23 BOARD IS UNABLE TO COMMENCE THE REQUIRED SERVICE WITHIN THREE YEARS OF SUCH
24 GRADUATION SHALL BEGIN SERVICE WITHIN ONE YEAR AFTER COMPLETING MILITARY
25 SERVICE OR THE TERMINATION OF SUCH OTHER CAUSE.

26 D. IF A RECIPIENT DECIDES NOT TO FULFILL THE CONDITIONS OF THE
27 CONTRACT BY SERVING IN AN UNDERSERVED AREA, THE CONTRACT SHALL PROVIDE THAT
28 THE RECIPIENT SHALL BE REQUIRED TO REPAY THE FULL AMOUNT OF THE SCHOLARSHIP,
29 INCLUDING TUITION, AT THE SEVEN PER CENT INTEREST RATE PLUS A PENALTY FOR
30 LIQUIDATED DAMAGES IN AN AMOUNT EQUIVALENT TO THE FULL AMOUNT OF THE
31 SCHOLARSHIP, INCLUDING TUITION, LESS THE AMOUNT CREDITED FOR TIME ACTUALLY
32 SERVED IN A SITE APPROVED BY THE BOARD, TO BE CALCULATED ON A PRORATED
33 MONTHLY BASIS. THE BOARD FOR GOOD REASON MAY PROVIDE FOR EXTENSIONS OF THE
34 PERIOD OF REPAYMENT SPECIFIED IN THE SCHOLARSHIP RECIPIENT'S CONTRACT. THE
35 BOARD MAY WAIVE THE PAYMENT OF PRINCIPAL, INTEREST AND LIQUIDATED DAMAGES IF
36 IT DETERMINES THAT DEATH OR PERMANENT PHYSICAL DISABILITY ACCOUNTS FOR THE
37 RECIPIENT'S FAILURE TO FULFILL THE CONTRACT.

38 E. IF A RECIPIENT WITHDRAWS OR IS DISMISSED FROM MEDICAL SCHOOL, THE
39 RECIPIENT SHALL BE REQUIRED TO REPAY THE FULL AMOUNT OF THE SCHOLARSHIP
40 RECEIVED TO THE BOARD WITH INTEREST WITH NO PENALTY WITHIN ONE YEAR OF
41 WITHDRAWAL. THE BOARD MAY FOR GOOD REASON PROVIDE FOR EXTENSIONS ON THE
42 PERIOD OF REPAYMENT.

43 F. ON RECEIPT OF SUPPORTING DOCUMENTATION, THE BOARD FOR GOOD CAUSE
44 SHOWN MAY DEFER THE SCHOLARSHIP RECIPIENT'S SERVICE OR PAYMENT OBLIGATION OR
45 MAY ENTER INTO REPAYMENT ARRANGEMENTS WITH THE SCHOLARSHIP RECIPIENT OR ALLOW

1 SERVICE THAT IS EQUIVALENT TO FULL-TIME SERVICE IF THE BOARD DETERMINES THAT
2 THIS ACTION IS JUSTIFIED AFTER A REVIEW OF THE INDIVIDUAL'S CIRCUMSTANCES.

3 G. THE ATTORNEY GENERAL MAY COMMENCE WHATEVER ACTIONS ARE NECESSARY TO
4 ENFORCE THE CONTRACT AND ACHIEVE REPAYMENT OF SCHOLARSHIP PROVIDED BY THE
5 BOARD PURSUANT TO THIS ARTICLE.

6 15-1728. Medical student scholarship fund

7 A. THE MEDICAL STUDENT SCHOLARSHIP FUND IS ESTABLISHED. ALL MONIES
8 APPROPRIATED TO CARRY OUT THE PROVISIONS OF SECTIONS 15-1726 AND 15-1727
9 SHALL BE DEPOSITED IN THE FUND, AND ALL PENALTY PAYMENTS RECEIVED BY THE
10 BOARD SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE
11 FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

12 B. MONIES IN THE MEDICAL STUDENT SCHOLARSHIP FUND ARE EXEMPT FROM THE
13 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

14 Sec. 10. Section 35-174, Arizona Revised Statutes, is amended to read:

15 35-174. Vacancy savings; definition; personal services and
16 employee related expenditures; reversion

17 A. A "vacancy saving" is any monies saved or generated in personal
18 services and employee related expenditures by:

19 1. Not filling a position which has become vacant by termination of an
20 employee.

21 2. Not filling a newly authorized position.

22 3. Filling an authorized position at a grade or step lower than is
23 authorized by the legislature.

24 4. A downward reclassification of an authorized position.

25 B. A vacancy saving shall not be expended by the budget unit, except
26 upon approval of the director of the department of administration, for any of
27 the following purposes:

28 1. Awarding merit increases to state employees.

29 2. Funding reclassified positions.

30 3. Creating new positions that exceed the total number of full-time
31 equivalent positions as approved by the joint appropriations committees and
32 reported annually in the appropriations report.

33 C. An unexpended vacancy saving shall revert to the fund from which
34 appropriated except as provided in section 15-1661, subsection G- E. The
35 reversion shall occur at the end of each fiscal year.

36 D. This section applies only to funds appropriated by the legislature.

37 Sec. 11. Medical student scholarship appropriation

38 The sum of \$1,500,000 is appropriated from the state general fund in
39 fiscal year 2005-2006 to the board of medical student loans to carry out the
40 provisions of sections 15-1726 and 15-1727, Arizona Revised Statutes, as
41 added by this act. At least fifty per cent of the monies shall be
42 apportioned for private medical school student scholarships.

1 Sec. 12. Arizona board of regents; reports

2 A. By December 31, 2005, the Arizona board of regents shall submit a
3 report to the joint legislative budget committee and the governor's office of
4 strategic planning and budgeting, on the advisability and options for
5 implementing a tuition structure that limits tuition increases for continuing
6 students to no more than inflation.

7 B. By December 1, 2005, the Arizona board of regents shall submit a
8 report to the joint legislative budget committee and the governor's office of
9 strategic planning and budgeting, on the full-time equivalent student
10 enrollment as of the 21st day and 45th day of the fall 2005 semester at each
11 university. The report shall also include the advantages and disadvantages
12 of using either enrollment count, or enrollment count for any other day of
13 the semester, for funding purposes. The Arizona board of regents shall
14 submit a similar report for the spring 2006 semester by April 15, 2006.

15 Sec. 13. Phoenix medical campus; appropriations; reporting

16 A. The university of Arizona shall establish a medical campus in
17 Phoenix, utilizing the campus of the Phoenix union high school. The Phoenix
18 medical campus shall address medical education needs throughout the state.

19 B. The sum of \$3,000,000 is appropriated from the state general fund
20 to the university of Arizona health sciences center in fiscal year 2005-2006
21 for the Phoenix medical campus.

22 C. The sum of \$500,000 is appropriated from the state general fund to
23 Arizona state university in fiscal year 2005-2006 for the department of
24 biomedical informatics.

25 D. The Phoenix medical campus shall accommodate twenty-four first year
26 medical students in instruction. The Phoenix medical campus shall continue
27 to accommodate those twenty-four students through the remaining years of
28 their instruction and clinical rotations.

29 E. By September 1, 2005, the Arizona board of regents shall submit for
30 review to the joint legislative budget committee its operational and capital
31 plans for the Phoenix medical campus. These plans shall include at least the
32 following:

33 1. Detail on expenditures to date by the Arizona board of regents, its
34 institutions, and its partners.

35 2. Detailed five-year operational and capital budgets, including
36 information on the expected sources of all funds.

37 3. A five-year description of enrollment, capacity growth, and
38 graduation expectations by practice area.

39 4. A 20-year financing plan detailing each funding source, including
40 options to maximize resources and partnerships with the Maricopa health care
41 district and other health care entities. Funding sources may include federal
42 grants monies, private donations and contributions from other public
43 entities.

44 5. The programs and areas of practice offered.

1 6. All partners involved in the Phoenix medical campus project, their
2 roles, and an organizational chart.

3 7. The contributions and financing arrangements of all partners
4 contributing to the capital plant, as well as the legal and financial
5 relationships of the Arizona board of regents and its institutions to these
6 partners.

7 F. If these plans are submitted by September 1, 2005, upon the review
8 of the joint legislative budget committee, but no later than October 5, 2005,
9 an additional \$3,000,000 from the state general fund in fiscal year 2005-2006
10 shall be appropriated to the university of Arizona health sciences center for
11 the Phoenix medical campus and an additional \$500,000 from the state general
12 fund in fiscal year 2005-2006 shall be appropriated to Arizona state
13 university for the department of biomedical informatics.

14 G. It is the intent of the legislature that no more than \$7,000,000
15 from the state general fund be appropriated for the Phoenix medical campus in
16 any fiscal year.

17 H. By December 31, 2005, the Arizona board of regents shall submit for
18 review to the joint legislative budget committee a progress report on the
19 Phoenix medical campus. This document shall include at least the following:

20 1. Detail on expenditures to date by the Arizona board of regents, its
21 institutions, and its partners.

22 2. The status of renovations to Phoenix union high school.

23 3. The status of faculty, staff, and student recruiting.

24 4. Any changes to the project scope or schedule.

25 I. The Arizona board of regents shall submit for review to the joint
26 legislative budget committee any significant material changes to the
27 operational plan for the Phoenix medical campus as last reviewed by the joint
28 legislative budget committee. The Arizona board of regents shall submit for
29 review to the joint committee on capital review any significant material
30 changes to the capital plan for the Phoenix medical campus as last reviewed
31 by the joint legislative budget committee or the joint committee on capital
32 review.

33 Sec. 14. Joint study committee on medical school education:
34 members; duties; report

35 A. The joint study committee on medical school education is
36 established consisting of the following members:

37 1. Two members of the senate who are appointed by the president of the
38 senate, each of whom is from a different political party.

39 2. Two members of the house of representatives who are appointed by
40 the speaker of the house of representatives, each of whom is from a different
41 political party.

42 3. One licensed doctor of osteopathy who is qualified in graduate
43 medical education and who is appointed by the speaker of the house of
44 representatives.

1 4. One licensed medical doctor who is qualified in graduate medical
2 education and who is appointed by the president of the senate.

3 5. One member of a special health care district board who is a
4 chairman of a committee on professional practices or a committee of public
5 policy and who is appointed by the speaker of the house of representatives.

6 6. Two members who have been residents of Maricopa county for at least
7 ten years, one of whom is appointed by the president of the senate and one of
8 whom is appointed by the speaker of the house of representatives.

9 B. The committee may utilize the expertise and services of legislative
10 staff and may enter into consulting contracts.

11 C. The joint study committee shall:

12 1. Evaluate the medical education and training needs for health
13 professions and careers throughout the state, including the medical and
14 nursing fields.

15 2. Review and evaluate public and privately provided education
16 programs in health professions and careers.

17 3. Review plans submitted by the Arizona commission on medical
18 education and research.

19 4. Review and evaluate the funding necessary to address the medical
20 education needs of this state.

21 5. Review the implications of family practice on graduate medical
22 education in this state.

23 6. Study methods to retain medical practitioners trained in this
24 state.

25 7. Review locations for medical training facilities that are the most
26 economical and that provide the most benefit to this state.

27 8. Study the medical needs of the communities of this state as they
28 relate to special health care districts and their coordination with existing
29 medical training facilities.

30 9. Study the funding for any phase of a newly established state
31 medical campus and identify additional funding and capital commitments from
32 other public and private entities.

33 10. Study any other market or environmental factors that create
34 barriers to the practice of medicine in Arizona.

35 11. Submit a report by December 1, 2005 that summarizes the joint study
36 committee's findings and conclusions to the governor, the president of the
37 senate and the speaker of the house of representatives. The Committee shall
38 provide a copy of this report to the secretary of state and the director of
39 the Arizona state library, archives and public records.

40 Sec. 15. Arizona partnership for nursing education
41 demonstration project; fund

42 A. The Arizona partnership for nursing education demonstration project
43 is established to increase the capacity of nursing education programs in this
44 state by fostering collaboration among the state's education and health care
45 communities and the state and federal governments. The demonstration project

1 shall address this state's nursing shortage by increasing the number of
2 nurses graduating from this state's nursing education programs with the goal
3 of doubling the number of nursing graduates by the end of fiscal year
4 2009-2010 from the number graduating in fiscal year 2004-2005.

5 B. The nursing education demonstration project fund is established.
6 The fund consists of monies appropriated to the fund and monies provided by
7 any federal agency, entity or program for nursing education and workforce
8 expansion. Monies in the fund are exempt from the provisions of section
9 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

10 C. Fund monies shall be allocated into a board of regents account and
11 a community colleges account based on the number of nursing students
12 graduating in fiscal year 2004-2005 from programs offered or overseen by the
13 board of regents as compared to the number of nursing students graduating in
14 fiscal year 2004-2005 from programs offered or overseen by community
15 colleges.

16 D. The Arizona board of regents shall administer the board of regents
17 account. The department of commerce shall administer the community colleges
18 account.

19 E. Monies in the nursing education demonstration project fund shall be
20 used:

21 1. To pay for salaries, benefits, training and related expenses and
22 operational costs necessary to increase the number of qualified nursing
23 education faculty members teaching in nursing degree programs operated or
24 overseen by the Arizona board of regents or by community college districts.

25 2. To pay for those expenses prescribed in paragraph 1 only for
26 additional nursing education faculty members based on the number of faculty
27 members who provide this education on June 30, 2005.

28 3. To supplement and not supplant monies that are appropriated by the
29 legislature for the fiscal years 2005-2006 through 2009-2010 by funding the
30 number of nursing education faculty members who provide this education in
31 fiscal year 2004-2005.

32 F. Monies in the fund shall not be used for capital expenses related
33 to educating nursing students.

34 G. The Arizona board of regents shall establish a process to annually
35 distribute fund monies from the board of regents account to universities for
36 use as prescribed in this section. A statewide organization that represents
37 community colleges shall make recommendations to the department of commerce
38 on a process to annually distribute fund monies from the community colleges
39 account to community colleges for use as prescribed in this section. The
40 department of commerce shall award grants to community colleges for use as
41 prescribed in this section, based on the recommendations from a statewide
42 organization that represents community colleges. The department of commerce
43 shall establish an application form, process and procedure by which monies
44 may be granted. The grants prescribed in this subsection are subject to the
45 availability of monies. Fund monies shall be distributed in a manner

1 designed to increase the number of nurses graduating from universities and
2 community colleges by increasing available faculty and teaching resources in
3 a manner that provides for the efficient use of available monies and shared
4 resources, geographic distribution of nurses in this state and increased
5 diversity in the nursing workforce. The distribution systems may include
6 grant programs that provide monies to universities and community colleges
7 after submission of grant proposals.

8 Sec. 16. Appropriation; purpose

9 The sum of \$4,000,000 is appropriated annually from the state general
10 fund in fiscal years 2005-2006 through 2009-2010 to the nursing education
11 demonstration project fund for the purposes prescribed in this act.

12 Sec. 17. Clinical rotations

13 A public or private medical school in this state shall not prohibit a
14 hospital from entering into an agreement to provide student clinical
15 rotations to qualified osteopathic or allopathic medical students.

16 Sec. 18. Delayed repeal

17 A. Section 14 of this act, relating to the joint study committee on
18 medical school education, is repealed from and after January 15, 2006.

19 B. Section 15 of this act, relating to the nursing education
20 demonstration project, is repealed from and after June 30, 2010.

21 Sec. 19. Applicability

22 The amendments to section 15-1626, Arizona Revised Statutes, by this
23 act apply beginning with the 2006-2007 academic year.

APPROVED BY THE GOVERNOR MAY 20, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 20, 2005.

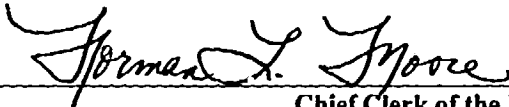
Passed the House May 6, 20 05,

by the following vote: 49 Ayes,

8 Nays, 3 Not Voting



Speaker of the House

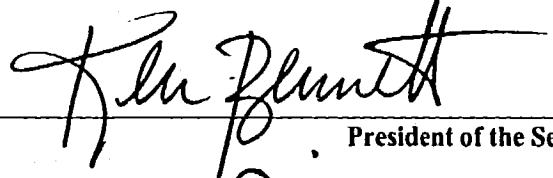


Chief Clerk of the House

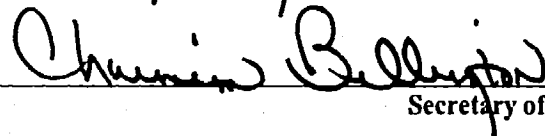
Passed the Senate May 6, 20 05,

by the following vote: 27 Ayes,

2 Nays, 1 Not Voting



President of the Senate




Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

18th day of May, 2005

at 8:38 o'clock a. M.



Secretary to the Governor

Approved this 20 day of

May, 2005,

at 9:50 o'clock A. M.



Governor of Arizona

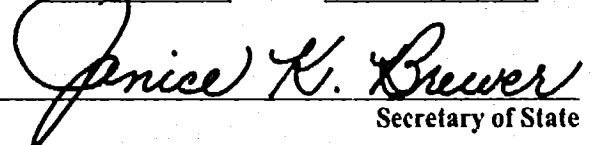
S.B. 1517

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of May, 2005

at 3:04 o'clock P. M.



Secretary of State